

City of Flagstaff

Community Reinvestment Plan

Draft - November 2014

Annotated

INTRODUCTION

The Flagstaff Regional Plan 2030 includes a series of goals and policies that support community reinvestment as an objective and course of action to achieve the goals and policies of the Plan. These include goals less directly seeking reinvestment such as preserving resources and open spaces, efficient infrastructure, energy efficiency, urban land-uses and development patterns, and multimodal commuting. However, the Plan also directly calls for compact development, investing in existing neighborhoods and urban areas, adaptive re-use, historic preservation, and promoting infill and redevelopment.

This Community Reinvestment Plan presents an over-arching Community Reinvestment Policy as well as objectives and potential actions to implement the policy. The term “reinvestment” is used so as not to evoke legal definitions and implications of the term “redevelopment” and refers to the improvement, including re-use, historic preservation, intensification, and infill of vacant, underutilized, or abandoned buildings and properties that are already developed or located in developed areas, and served and supported by existing public and private infrastructure. It is distinct from “greenfield development” which refers to the improvement of primarily undeveloped land, distant from existing activity centers and requiring the extension or development of most if not all necessary infrastructure, and often involving the subdivision of land.

The development of this plan was initiated by talking to our customers and learning their perceptions about how to promote reinvestment in Flagstaff. This was followed by research of other communities and the development of a broad menu of possible actions to accomplish this goal. Each item on this broad menu was then measured against our current activities, obvious fatal legal challenges, potential effectiveness, and the desires of the City Council.

Discussion: This work is composed as "a plan" such that if adopted, the policy and objectives would be in place, and the City Council will have provided direction to staff to further develop the implementation strategies and return to the City Council with final strategies for consideration and possible adoption.

The potential policy and objectives are reflections of extensive City Council, community, stakeholder, and staff input as to what the overarching policy should (or could) be.

A notable amount of work remains in developing the implementation strategies - preparing corresponding specific actions, likely in the form of ordinances for adoption by the City Council. Thus they should be considered as direction to staff, but also as a "menu" of possibilities that can be evaluated for viability. That evaluation, including deletions, additions, and editing, could be done in reviewing the draft, in adopting the plan, and even at a later date when specific actions are brought before the City Council for consideration and possible adoption.

To assist in the consideration of these potential implementation strategies, the draft is annotated with key considerations and discussion relative to each strategy.

COMMUNITY REINVESTMENT POLICY

While preserving the character of the community, the City of Flagstaff prefers reinvestment (redevelopment and infill) over greenfield development and peripheral expansion of the city, and as a matter of public policy will promote, favor, and give priority to reinvestment.

OBJECTIVES

OBJECTIVE 1: The City will address the physical constraints of existing urban properties.

OBJECTIVE 2: The City will change regulatory requirements and remove or add provisions so as to incentivize reinvestment projects.

OBJECTIVE 3: The City will provide beneficial financial mechanisms that would be applied to reinvestment projects.

POTENTIAL IMPLEMENTATION STRATEGIES

Discussion: For each of the following possible implementation strategies that the City Council would like staff to pursue further, staff will prepare specific actions, ordinances and other mechanisms, for future Council consideration and possible adoption.

For OBJECTIVE 1: The City will address the physical constraints of existing urban properties.

1. Each Division of the City shall incorporate into their work program the development of an inventory of their respective physical infrastructure and develop prioritized plans to install or upgrade incomplete, missing, or inadequate physical infrastructure.

Discussion: Note that several of the City's infrastructure systems have inventory work and replacement planning well underway while others are less complete. For example, our understanding of street issues and planning for them is well advanced, while our inventory of sidewalks does not include inadequate sidewalks, and our strategy for adding or replacing sidewalks is nominal.

Responsible Agency: All divisions of the City with capital programs.

Financial Implication: The inventory and planning work has some associated costs, particularly if performed by consultants. Notably, staff time must be dedicated to such work and considered in light of total workloads.

2. All presentations of capital improvement projects shall include a completed "Service to Reinvestment Scorecard". This rating shall be used in the process of prioritizing projects within five-year capital improvement plans such that all other variables being equal, those projects that have a higher score will have a higher priority than those with lower scores.

Discussion: The Capital Improvements Program has a matrix for scoring projects and a "reinvestment" score could be built into that matrix relatively easily. However, many capital improvement projects attain priority based on "opportunity" and other factors which can trump the reinvestment score. Notably, such opportunistic public investment contributes to the lack of reinvestment. Also, other programs do not have such a prioritizing matrix. A separate and uniform metric seems appropriate.

The use of this scorecard could be complex given other priority setting factors and given that the City Council generally only sees projects side-by-side during budget season. Adding the score into the budget process

could help the Council see and establish project priorities. Even when reviewing individual projects, having a score included would provide the Council with another “information point” in their decision making – helping to answer the question of “Who is served?”

Responsible Agency: Capital Improvements Program and all divisions of the City with capital programs.

Financial Implication: Nominal.

3. The City of Flagstaff Capital Improvement Plan shall be modified to include a separate category entitled “Reinvestment” and reinvestment serving Capital projects shall be identified under that category.

Discussion: Similar to the scorecard, the organization of capital projects in this manner will provide the City Council with a clear picture of reinvestment serving projects that are underway or proposed when making decisions about the City’s capital planning.

Responsible Agency: Capital Improvements Program

Financial Implication: Nominal.

4. The City will invest in infrastructure replacement and upgrades.

Discussion: A leading inspiration for private reinvestment is municipal reinvestment. This is a pattern almost anywhere we look for examples, but we see it here in Flagstaff in the Southside where the community response to the City’s investment has been notable.

In a nutshell, the concept of “plug-and-play” is the ultimate goal. Under this concept, we can expect more private investment if the public infrastructure is ready to receive new projects. This is how sub-divisions and business parks are often conceived – all that it needed is to build and hook-up. It makes the process quick and predictable.

Responsible Agency: City Council

Financial Implication: This is probably the single largest “expense” category of all implementation strategies presented and a source is not identified. Implementing a program of upgrades and replacement for all infrastructure systems is potentially quite costly.

For OBJECTIVE 2: The City will change regulatory requirements and remove or add provisions that favor reinvestment projects.

1. The City will make changes to the development requirements in the Zoning Code that are specific to the urban areas of the City (already identified in the Regional Plan 2030).

Discussion: Recognizing that the community needs in an urban area are different than in a suburban or rural area, this strategy seeks to change one-size-fits-all requirements to calibrated requirements. For maximum impact, the likely areas of change are those that take up site area, such as parking, and those that also don't yield the desired character, such as buffer yards. The likely implementation tool is to create an Infill Incentive District around the activity centers identified in the Regional Plan 2030.

In many ways this would take some of the current incentives for use of the transect zones and apply them to the standard zones. This would make use of the transect zones less attractive and could reduce their use.

Alternative: An alternative approach would be to develop a "community priority" project designation. Such a designation could be prescriptive (perhaps using the Service to Reinvestment Scorecard) or by review and action on individual projects by the City Council or a Reinvestment Authority (Commission). Once designated, prescriptive relief could then be applied. Note that this concept is used in other communities but has not been fully measured against Arizona law.

Responsible Agency: Planning and Development Services Section

Financial Implication: Nominal. Notably, staff time must be dedicated to such work and considered in light of total workloads.

2. The City will change the Zoning Code to increase the Minor Modification authority of the Planning Director for reinvestment projects.

Discussion: For example, the Planning Director can waive setbacks up to two feet under special circumstances. This could be changed to four feet for reinvestment projects.

This requires a rationale for designating a project as a reinvestment project – identifying when the expanded authority applies. Such a designation should be prescriptive (perhaps using the Service to Reinvestment Scorecard) because a hearing process would delay project approval time frames while the minor modification process is designed to speed up approvals.

Responsible Agency: Planning and Development Services Section

Financial Implication: Nominal.

3. The City will make changes to the Engineering Standards, or alternative standards, that are specific to the urban areas of the City (already identified in the Regional Plan 2030).

Discussion: See Discussion (calibrated requirements) and Alternative under Objective 2.1 above (not repeated for brevity). The example for this case: Standards calibrated to an urban environment might require less separation of driveways or narrower driveways.

While the City usually negotiates solutions when urban constraints are recognized, the lack of predictability, the need to negotiate, and the absence of prescribed standards is a disadvantage for urbanized areas compared to sites where the lack of existing development, available space, and established standards remove this concern.

Responsible Agency: Engineering Section

Financial Implication: Nominal. Notably, staff time must be dedicated to such work and considered in light of total workloads.

4. The City will change the Engineering such that the Modification authority of the City Engineer is greater for reinvestment projects.

Discussion: Unlike the Zoning Code, the Engineering Standards do not have a set criteria or limit on the City Engineer's authority. Therefore, to effectively implement this strategy, it is necessary to establish criteria and limits for such modifications in general so that more flexibility can be given to reinvestment projects.

See discussion of project designation in Objective 2.2 above (not repeated for brevity).

Responsible Agency: Engineering Section

Financial Implication: Nominal.

5. The City will make changes to the development requirements in the Storm Water Design Manual that are specific to the urban areas identified in the Regional Plan 2030.

Discussion: See Discussion (calibrated requirements) and Alternative in Objective 2.1 above (not repeated for brevity). The example for this case: Standards calibrated to an urban environment might require less on-site detention.

The development of the strategy will need to recognize that developed properties are already allowed to retain their current level of

imperviousness; that there are other laws that govern the handling of storm water; and that relief may require community solutions (and expenses) as an alternative.

Responsible Agency: Storm Water Program and Planning and Development Services Section

Financial Implication: Nominal, except as noted.

6. For transportation impact analyses of reinvestment projects, factors to adjust the baseline ITE trip generation data shall be developed by City staff for alternative mode travelers (transit, bicycle, and pedestrian), based on vehicle occupancy, and other best practice adjustments.

Discussion: Standard ITE Trip Generation data is based on suburban travel habits. Recent studies (such as the National Cooperative Highway Research Program Report 758) have suggested the above adjustments for urban infill. The level of adjustment should be graduated relative to context. For example, an adjustment for pedestrians would be relative to an existing urban activity center. As “predictability” is an important need in the development process, it is important to establish these adjustments ahead of time and NOT on a case-by-case basis (as is our current practice).

Responsible Agency: Engineering Section

Financial Implication: Nominal.

7. Using the inventories of infrastructure system needs (See Objective 1.1) and the growth projections of the Regional Plan 2030, City staff shall map high value needs that are likely to require physical or financial contributions based on impacts of development on surrounding property (Sewer, Water, Storm Water, and Traffic) .

Discussion: For example, a needed new traffic signal or sewer main should be mapped so that developers of surrounding properties can be informed - understand the deficiency and anticipate the need for participation.

In order to make this a reasonable map, only “high value” needs – say over \$1 million, or over \$5 million, would be included. An alternative metric for inclusion on such a map might be those projects that are likely to impact multiple properties. And, by some means, such mapping should communicate the “sphere of influence” (thus identifying which properties are most likely to be affected). Again, the objective is to provide critical information in advance which then shores up the “predictability” in the development process.

Responsible Agency: Engineering Section

Financial Implication: Nominal. Notably, staff time must be dedicated to such work and considered in light of total workloads.

8. For development requirements that yield undesired on-site features or where a community or municipal system is more efficient, City staff shall prepare an In-lieu-of Fee Schedule.

Discussion: In-lieu-of fees have been used by other communities primarily for parking but also for parks, affordable housing, landscaping, storm water, wetlands, and many more development or development mitigation requirements wherein a community solution can be substituted for a site specific solution. At its heart, a fee is paid by a developer instead of meeting or providing a development requirement. For space occupying requirements, like parking, the developer simply measures the cost of land and construction against the cost of the fee. This aids reinvestment more than greenfields because, generally speaking, land costs are higher in urbanized areas.

Some of these should be graduated based on level of service. For example, distance from municipal parking is a common metric for graduating parking in-lieu-of fees.

Also, the City Council should consider if such fees would be tied to actual plans to construct municipal infrastructure. On one hand this is entirely reasonable – if we have no plans to build municipal parking, should we collect an in-lieu-of fee for it? On the other hand, doing so would delay the deployment of this strategy. The City would have the most flexibility in capital planning if such fees were not tied to actual plans to construct municipal infrastructure.

Responsible Agency: Planning and Development Services Section

Financial Implication: Nominal. In some respect, this would amount to another capital project funding mechanism.

9. The City will have an Aging Infrastructure Credit that would provide City funds for the partial replacement of public infrastructure when such work is required in association with a reinvestment development application.

Discussion: This is simply paying a portion of the developer's expense on the basis that we would have to pay some amount as part of our replacement programs. However, we have limited replacement programs at present which suggests that this implementation should be coupled with establishing such programs.

Responsible Agency: All divisions of the City with capital programs.

Financial Implication: This requires the dedication of funds and is probably the second largest “expense” category of all implementation strategies presented.

10. The City will have a Transfer of Obligations / Development Rights ordinance that allows resource protection requirements to be met off-site and that allows density to be relocated from peripheral areas to urbanized areas of the city.

Discussion: There may be other development features or requirements that can be transferred off-site. So, we may need to add to this list as the final recommendation is developed - or better, create a system that has ongoing flexibility. And notably, “density” is not a feature generally sought by local developers which reduces that effectiveness of this measure.

Responsible Agency: Planning and Development Services Section

Financial Implication: Nominal.

For OBJECTIVE 3: The City will provide beneficial financial mechanisms that would be applied to reinvestment projects.

1. Review and inspection fees shall not be required for the replacement of public infrastructure by a developer and City staff shall prepare for City Council consideration and possible adoption necessary changes to the appropriate fee schedules.

Discussion: At the very least this would be a head nod to the “aging infrastructure credit” concept (See discussion Objective 2.10).

Responsible Agency: Community Development Division

Financial Implication: Cost recovery would need to come from funds other than review and inspection fees paid by other developers.

2. The City will have a Reinvestment Incentive Program that offsets development costs.

Discussion: Regarding prior drafts of this policy, Council expressed an interest in a simple cash incentive program. This requires designating a project as a reinvestment project (See Objective 2.2 above). Being fairly broad, a mechanism for selecting among qualified reinvestment projects is likely also required. Such a selection might involve preferring projects that add a “missing” land use to an area which then requires identifying which areas are “missing” what land uses. Gift clause issues are highly likely.

Responsible Agency: Community Design and Redevelopment Program

Financial Implication: The magnitude of offset costs (incentive) needs to be set by the City Council. Meaningful incentives are likely expensive.

3. The City will have an “Empty Building Tax” for buildings that are not under construction and unoccupied for long periods of time.

Discussion: Empty buildings while not producing, still require municipal services such as police, fire, streets, and so forth. An empty building tax addresses recovery of such costs. This line of thought needs to consider “empty suites” as well for partially vacant structures.

Responsible Agency: Legal Department and Management Services

Financial Implication: Unknown – potentially yielding income.